

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWAREIn re APP Winddown, LLC, et al.  
DebtorCase No: 16-12551  
Reporting Period: For the Month Ended April 30, 2018MONTHLY OPERATING REPORT  
APP Winddown, LLC, ET AL

Required Documents	Form No.	Document Attached
Schedule of Cash Receipts and Disbursements		
Bank Reconciliation	MOR-1a	X
Total Disbursements by Filed Legal Entity	MOR-1b	X
Cash Balance at Encina Business Credit Funding Account	MOR-1c	X
Copies of Bank Statements		(a)
Cash Disbursements Journals		(a)
Statement of Operations	MOR-2	X
Balance Sheet	MOR-3	X
Statement of Cash Flow	MOR-4	X
Status of Postpetition Taxes	MOR-5	X
Copies of IRS Form 6123 or payment receipt		(a)
Copies of tax returns filed during reporting period		(a)
Summary of Unpaid Postpetition Debts		
Listing of Aged Accounts Payable	MOR-6	X
Accounts Receivable Aging	MOR-7	X
Disbursements to Retained Professionals	MOR-8	X
Debtor Questionnaire	MOR-9	X

(a) Support for these items may be made available upon request.

I declared under penalty of perjury (28 U.S.C. Section 1746) that this report and then attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor



Date

May 23, 2018

Date

Signature of Authorized Individual

Brad Scher – Chief Winddown Officer

May 23, 2018

Printed Name of Authorized Individual

Date

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 1a - Bank Reconciliation (unaudited)**  
**April 30, 2018**

GL Acct	Account Name	Bank Account #	Debtor	Description	Bank Balance	GL Balance	As of Date	Reconciled As of
10472	Encina/DIP	*****101	American Apparel USA LLC	DIP collection	\$ -	\$ -	04/30/18	05/05/18
10475	Wells Fargo - AP Disbursements	*****836	American Apparel USA LLC	AP checking	\$ -	\$ (347,784)	04/30/18	05/05/18
10480	Wells Fargo - Operating	*****810	American Apparel USA LLC	Wires, ACH, and EFT transfers	\$ 1,647,605	\$ 1,647,605	04/30/18	05/05/18
10485	Wells Fargo - Deposit	*****828	American Apparel USA LLC	Check & wire deposits	\$ 5,405,802	\$ 5,405,802	04/30/18	05/05/18
10490	Wells Fargo - Payroll	*****844	American Apparel USA LLC	Payroll	\$ -	\$ -	04/30/18	05/05/18
10495	Wells Fargo - Utility	*****389	APP USA Winddown, LLC	Utility	\$ 349,749	\$ 349,749	04/30/18	05/05/18
10500	Wells Fargo - Retention Account	*****595	American Apparel USA LLC	Retention	\$ 498,495	\$ 498,495	04/30/18	05/05/18
10505	Wells Fargo - Gen Unsecured Creditor	*****011	American Apparel USA LLC	Gen Unsecured Creditors	\$ 2,494,985	\$ 2,494,985	04/30/18	05/05/18
10510	Wells Fargo - 503 Claims	*****003	American Apparel USA LLC	503 Claims	\$ 747,900	\$ 747,900	04/30/18	05/05/18
10520	Wells Fargo - AA Money Market	*****061	American Apparel USA LLC	Savings	\$ 2,609,899	\$ 2,609,899	04/30/18	05/05/18
10351-999	Wells Fargo - Operating	*****778	APP Retail Winddown, Inc.	Wires, ACH, and EFT transfers	\$ 120,352	\$ 120,352	04/30/18	05/05/18
10210-999	Wells Fargo - Deposit	*****802	APP Retail Winddown, Inc.	Check & wire deposits	\$ 908,633	\$ 908,633	04/30/18	05/05/18
10410-999	Wells Fargo - Payroll	*****794	APP Retail Winddown, Inc.	Payroll	\$ -	\$ -	04/30/18	05/05/18
10352-999	Wells Fargo - AP Disbursements	*****786	APP Retail Winddown, Inc.	AP checking	\$ -	\$ (48,151)	04/30/18	05/05/18

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 1b - Total Disbursements by Filed Legal Entity (unaudited)**  
**For the Month Ended April 30, 2018**  
 (in thousands)

<b>Legal Entity</b>	<b>Case Number</b>	<b>Disbursements (1)</b>
APP USA Winddown, LLC	16-12552	\$ 469
APP Retail Winddown, Inc.	16-12553	\$ 61
APP Winddown, LLC	16-12551	\$ 174
APP D&F Winddown, Inc.	16-12554	\$ -
APP Knitting Winddown, LLC	16-12555	\$ -
APP Shipping Winddown, Inc.	16-12556	\$ -

(1) Disbursements are shown based on the entity for which they are attributed, not the entity which made the payment.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 1c - Cash Balance at Encina Business Credit Funding Account (unaudited)**  
**For the Month Ended April 30, 2018**  
(in thousands)

	<u>Amounts</u>
Beginning Balance	\$ -
Adjustments	-
Withdrawal	-
Ending Balance	<u><u>\$ -</u></u>

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 2 - Condensed Consolidated Statements of Operations (unaudited)**  
 (in thousands)

	<b>For the Month Ended</b> <b>April 30, 2018</b>
Net sales	\$ -
Cost of sales	- <hr/>
Gross profit	- <hr/>
Selling, general and administrative expenses	827 <hr/>
<b>Loss from operations before other income and income taxes</b>	<b>(827)</b>
Reorganization income (1)	(2,300)
Other income	(199) <hr/>
<b>Income from operations before income tax</b>	<b>1,672</b>
Income taxes	- <hr/>
<b>Net Income</b>	<b>\$ 1,672</b>

(1) Difference between book balance and cash received from Japan

APP Winddown, LLC and Subsidiaries  
Debtors and Debtors In Possession  
MOR 2 - Condensed Consolidating Statement of Operations (unaudited)  
For the Month Ended April 30, 2018  
(in thousands)

	APP USA Winddown, LLC (1)	APP Retail Windown, Inc. (1)	APP Winddown, LLC	APP D&F Windown, Inc. (1)	APP Knitting Windown, LLC (1)	APP Shipping Windown, Inc. (1)	Total Debtors (2)
\$ Net sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-
Selling, general and administrative expenses	793	34	-	-	-	-	827
 Loss from operations before other income and income taxes	 (793)	 (34)	 -	 -	 -	 (827)	 (827)
Reorganization income (3)	(520)	(1,780)	-	-	-	-	(2,300)
Other income	(197)	(2)	-	-	-	-	(199)
Income (loss) from operations before income tax	(76)	1,748	-	-	-	-	1,672
Income taxes	-	-	-	-	-	-	-
 Net Income (Loss)	 <u>(76)</u>	 <u>\$ 1,748</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,672</u>

(1) Transactions are all accounted by APP USA Windown, LLC.

(2) Does not include eliminations.

(3) Difference between book balance and cash received from Japan.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 3 - Condensed Consolidated Balance Sheet (unaudited)**  
(in thousands)

	<u>April 30, 2018</u>	
<b>ASSETS</b>		
Current assets:		
Cash	\$	14,388
Accounts receivable, net (1)	-	9,389
Investment in subsidiary	-	22,335
Other deposits and assets	-	46,112
<b>Total current assets</b>		<b>46,112</b>
<b>TOTAL ASSETS</b>		<b>46,112</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Accounts payable	\$	266
Accrued workmen's compensation and other accrued expenses and liabilities	-	16,334
<b>Total current liabilities not subject to compromise</b>		<b>16,600</b>
<b>Total liabilities not subject to compromise</b>		<b>16,600</b>
<b>Liabilities subject to compromise (2)</b>		<b>169,849</b>
<b>TOTAL LIABILITIES</b>		<b>186,449</b>
<b>STOCKHOLDERS' DEFICIT</b>		
Common stock	118	
Additional paid-in capital	220,149	
Accumulated other comprehensive income	145	
Accumulated deficit	(358,592)	
Less: Treasury stock	(2,157)	
<b>TOTAL STOCKHOLDERS' DEFICIT</b>		<b>(140,337)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		<b>46,112</b>

(1) All accounts receivables have been offset by an allowance for doubtful accounts (see MOR 7).

(2) Consists of pre-petition liabilities.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 3 - Condensed Consolidating Balance Sheet (unaudited)**  
**April 30, 2018**  
**(in thousands)**

	APP USA Winddown, LLC (1)	APP Retail Winddown, Inc.	APP Winddown, LLC	APP D&F Winddown, Inc. (1)	APP Knitting Winddown, LLC (1)	APP Shipping Winddown, Inc. (1)	Total Debtors (2)
<b>ASSETS</b>							
Current assets:							
Cash	\$ 13,407	\$ 981	\$ -	\$ -	\$ -	\$ -	\$ 14,388
Accounts receivable, Net (3)	-	-	-	-	-	-	-
Investment in subsidiary	9,389	-	-	-	-	-	9,389
Other deposits and assets	20,973	1,362	-	-	-	-	22,335
Total current assets	<u>43,769</u>	<u>2,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,112</u>
<b>TOTAL ASSETS</b>	<b>\$ 43,769</b>	<b>\$ 2,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,112</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>							
Accounts payable	\$ 248	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ 266
Accrued workers' compensation and other accrued expenses and liabilities	<u>15,826</u>	<u>508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,334</u>
Current liabilities not subject to compromise	<u>16,074</u>	<u>526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,600</u>
Total liabilities not subject to compromise	<u>16,074</u>	<u>526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,600</u>
Liabilities subject to compromise (4)	<u>164,435</u>	<u>5,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,849</u>
<b>TOTAL LIABILITIES</b>	<b><u>180,509</u></b>	<b><u>5,940</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>186,449</u></b>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>							
Common stock	100	-	18	-	-	-	118
Additional paid-in capital	4,720	2,023	213,406	-	-	-	220,149
Accumulated other comprehensive income	36	-	109	-	-	-	145
Accumulated deficit	(141,596)	(5,620)	(211,376)	-	-	-	(358,592)
Less: Treasury stock	-	-	(2,157)	-	-	-	(2,157)
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b><u>(136,740)</u></b>	<b><u>(3,597)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(140,337)</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 43,769</u></b>	<b><u>\$ 2,343</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 46,112</u></b>

(1) Transactions are all accounted by APP USA Winddown, LLC.

(2) Does not include eliminations.

(3) All accounts receivable have been written off (see MOR 7).

(4) Consists of pre-petition liabilities.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 4 - Condensed Consolidating Statement of Cash Flows (unaudited)**  
(in thousands)

	<u>Year to Date Ended</u> <u>April 30, 2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net cash used in operating activities	\$ (736)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investment in Korea	785
Net cash provided by investing activities	785
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from distribution from Japan	520
Net cash provided by financing activities	520
Net increase in cash	569
Cash, beginning of year	13,819
Cash, end of period	<u><u>\$ 14,388</u></u>

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 4 - Condensed Consolidating Statement of Cash Flows (unaudited)**  
**Year to Date Ended April 30, 2018**  
(in thousands)

	APP USA Winddown, LLC (1)	APP Retail Winddown, Inc.	APP Winddown, LLC	APP D&F Winddown, Inc. (1)	APP Knitting Winddown, LLC (1)	APP Shipping Winddown, Inc. (1)	Total Debtors (2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net cash used in operating activities	\$ (688)	\$ (48)	\$ -	\$ -	\$ -	\$ -	\$ (736)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sale of investment in Korea	-	785	-	-	-	-	785
Net cash provided by investing activities	-	785	-	-	-	-	785
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Proceeds from distribution from Japan	520	-	-	-	-	-	520
Net cash provided by financing activities	520	-	-	-	-	-	520
Net (decrease) increase in cash	(168)	737	-	-	-	-	569
Cash, beginning of year	13,575	244	-	-	-	-	13,819
Cash, end of period	<b>\$ 13,407</b>	<b>\$ 981</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,388</b>

(1) Transactions are all accounted by APP USA Winddown, LLC.

(2) Does not include eliminations.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 5 - Schedule of Federal, State and Local Taxes Collected, Received, Due or Withheld (unaudited)**  
**For the Month Ended April 30, 2018**

	<b>Taxes</b>	<b>Amounts</b>
<b>Payroll Taxes</b>		
Payroll taxes withheld employee		\$ 25,412
Payroll taxes owed employer		221,044
Total payroll taxes		<hr/> \$ 246,455
Amount of payroll tax remitted to tax authorities (1)(2)		\$ 246,455
Date(s) remitted to tax authorities		Various
<b>Sales Taxes</b>		
Sales tax collected and incurred		\$ -
Amount of sales taxes remitted to tax authorities (3)		\$ -
Date(s) remitted to tax authorities		Various
<b>Property Taxes Paid (4)</b>		\$ 26,926
<b>Other Taxes Paid</b>		\$ -

(1) Applicable to APP USA Winddown, LLC , and APP Retail Winddown, Inc.

(2) Payroll taxes remitted may not equal taxes withheld because of tax entity payment timing requirements.

(3) Tax is generally remitted one month in arrears of collection month.

(4) Includes Personal Property Taxes.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 6 - Summary of Unpaid Post-Petition Debts (unaudited)**  
**April 30, 2018**  
(in thousands)

	<b>Accounts Payable Aging</b>	<b>Amounts</b>
<b><u>APP USA Winddown, LLC</u></b>		
0-30	\$ 128	
31-60	-	
61-90	-	
91+	120	
Total Accounts Payable (1)	<b><u>\$ 248</u></b>	

(1) Represents total post-petition accounts payable for all Debtors except APP Retail Winddown, Inc., which is presented below.

<b><u>APP Retail Winddown, Inc.</u></b>	<b>Amounts</b>
0-30	\$ -
31-60	-
61-90	-
-91+	18
Total Accounts Payable (2)	<b><u>\$ 18</u></b>

(2) Represents total post-petition accounts payable.

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 7 - Accounts Receivable Aging (unaudited)**  
**April 30, 2018**  
(in thousands)

<b>Accounts Receivable Aging</b>	<b>Amounts</b>
0-30	\$ -
31-60	-
61-90	-
91+	-
Total Accounts Receivable	<u>\$ -</u>
Amount considered uncollectible	<u>-</u>
Accounts Receivable, Net	<u>\$ -</u>

**APP Winddown, LLC and Subsidiaries**  
**Debtors and Debtors In Possession**  
**MOR 8 - Total Disbursements to Retained Professionals (unaudited)**  
**For the Month Ended April 30, 2018**

<b>Retained Professionals</b>	<b>Amount Approved</b>	<b>Disbursements</b>
Bayard	\$ 12,314	\$ 12,314
Cooley	39,933	39,933
Jones Day	52,386	52,386
Palchulski Stang	40,252	40,252
RGP	15,380	15,380
	<hr/> <b>\$ 160,265</b>	<hr/> <b>\$ 160,265</b>

APP Winddown, LLC and Subsidiaries  
 Debtors and Debtors in Possession  
 MOR 9 - Questionnaire

Question	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. (1)	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.	X	
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X	

(1) Cash received of \$520,447 in connection with American Apparel Japan Yugen Kaisha's winding up of business.